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Brussels, 13 December 1989.

**DECLARATION OF MINISTERS OF THE "GROUP OF 24
FOR ECONOMIC ASSISTANCE TO
POLAND AND HUNGARY" (THE 24)**

1. Ministers of the 24 expressed their strong support in political and economic terms for the progress in Central and Eastern Europe towards pluralistic democracy, the rule of law and market-oriented economies.

These historic changes, occurring within a stable framework, will contribute greatly to individual freedom, peace and prosperity and to overcoming the division of Europe, which in turn will strengthen overall global stability.

2. They welcomed the statements made by the Foreign Ministers of Poland and Hungary on the reforms being introduced in those two countries, to which the 24 had already reacted politically by the creation of a dynamic relationship.

3. Against this background they confirmed their commitment to assistance for the restructuring of the Polish and Hungarian economies, reviewed the initiatives already under way and stressed the importance of timely and global action endowed with adequate resources.

Food to deal with Poland's most urgent short-term needs is being delivered and made available to consumers under conditions agreed with the Polish authorities. A new package of food supply measures is foreseen early next year by the Community. Some other members of the 24 will consider participation in the new food supply action. The urgent need for medical supplies was also recognised.

Trade measures are being taken to facilitate access for Polish and Hungarian exports to the markets of the 24.

Priorities for assistance programmes and projects are being identified in coordination with the Polish and Hungarian authorities in key sectors including improvements in agricultural production, training, including the training of managers, staff and public administrators and the promotion of foreign investment. Ministers underlined the importance of further substantial contributions to sound and sustainable policies for the improvement of the environment in both countries.

Some Ministers foresee the possibility of also having recourse, within such assistance programmes, to official development aid funds while safeguarding flows to traditional recipients of official development aid. All Ministers also stressed the importance of drawing on contributions from the private sector in the 24, and of helping to construct a flourishing private sector in Poland and Hungary.

4. Ministers welcomed the many new initiatives taken and in particular the substantial financial means being pledged by members of the 24 to support stabilization and restructuring in Poland and Hungary.

Ministers welcomed the attainment of the one billion dollar goal for the establishment of a stabilization fund for Poland to stabilize the exchange rate of its currency and to promote the Polish government's overall economic restructuring programme. Several members of the 24 have committed substantial resources to such a fund to be made available following the conclusion of an agreement with the IMF. It is imperative that the remaining technical questions related to implementing the fund be resolved without delay.

Ministers also welcomed the European Council's reference to the need for an adjustment loan for Hungary of one billion dollars, as proposed by the Commission, to be made available following the conclusion of an agreement between Hungary and the IMF.

Ministers of the 24 welcomed the indications given by the Managing Director of the IMF and hoped that the current negotiations would be concluded shortly.

5. The European Council's conclusions concerning the creation of a European Bank for Reconstruction and Development, the establishment of foundation for vocational training as well as study exchange programmes for young people were favourably received. Participation in the Bank is being considered by other members of the 24. The arrangements for the establishment of this Bank will be discussed among those members of the 24 interested in participating, and in close collaboration with the European Community and the European Investment Bank.

Individual projects such as the United States' \$ 300 million enterprise Fund for Poland and Hungary having in some respects a purpose similar to that of the proposed European Bank for Reconstruction and Development, Ministers suggested exploration of possible relationships between these approaches.

6. Ministers emphasized the need for aid and cooperation programmes to be fully coordinated and complementary.

Ministers expressed their appreciation for the coordination carried out by the European Commission and invited it further to define, through the working groups of the 24, priorities with the Polish and Hungarian authorities within which the further actions of the 24 would be carried forward. Ministers expressed their willingness to examine new initiatives in the light of progress made and undertook to support the participation of members of the 24 in joint projects. They asked the Commission, which will be opening delegations in Warsaw and Budapest early in 1990, to coordinate the implementation of such joint projects in the countries concerned.

Ministers welcomed the close cooperation established in the framework of the 24 with the IMF, IBRD, OECD, Paris Club and the EIB, which are developing their activities in Poland and Hungary in the specific areas of their responsibilities.

7. Ministers encouraged Poland and Hungary to strengthen the process of political reform and economic liberalisation and welcomed the fact that other Central and Eastern European countries have begun to follow the same course. The 24 renewed their commitment to sustain efforts in favour of Poland and Hungary for the period necessary to enable them to complete the transition to a democratic and market-oriented system.

The 24 are prepared to widen the scope of their assistance.

8. Ministers indicated their willingness to respond positively to other countries in Central and Eastern Europe, and in particular the German Democratic Republic, Czechoslovakia, Bulgaria and Yugoslavia, at the time they put into place the necessary political and economic reforms.

The 24 would welcome requests to join the group from other states, which would make their own contributions to the efforts under way.

9. Ministers also stressed the importance of the economic and political reform process in the USSR.

10. Ministers decided that they would meet again in the light of new development, and in any event in 1990.

